

SECRET

NET PROJECT
MONTGOMERY

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2001 2007

FOR COORDINATION WITH ARMY

Approved for Release
by the Central Intelligence Agency
Date: 2001

NAZI WAR CRIMES DISCLOSURE ACT

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ACTIVATION DATE - DESCRIPTION

Network "MONTGOMERY" was activated on 10 July
1948 by the CIC Gmunden Field Office.

The network is composed of Austrian nationals,
~~emigrated~~ ^{Refugees} Hungarians and bona fide resident
Hungarians. The network is supervised by the
CIC Gmunden Field Office.

JHh
[Signature]

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MISSION

Penetration and Espionage conducted against Hungary
and Soviet forces in Hungary to procure any and all
information of value to the United States Armed
Forces.

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CONTROL CHIEF

HOETTL, Dr. Wilhelm alias GOLDBERG, also known as
"WILLI" (10/6333) "~~Operator~~" of project "Mont-
gomery". *Control Chief*

Attn Mrs. SHEPIS:

see Network Report "Mount Vernon" for complete
story on HOETTL. *Recopy same.*

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ADMINISTRATIVE PERSONNEL

SIKE, Alajos, alias SCHOPF, Alajos (assistant to KERNMAYER in the Gmunden Center). Born 3 April 1906 in Lugos, Rumania (at that time part of Hungary). Is a former Hungarian Army Major. Education consists of 12 years of elementary and secondary schools and four years at the Ludovika Military Academy in Budapest. Received first commission as Army officer in 1928, promoted to Captain and Battalion Commander of a transportation battalion in 1939. Was in active combat against Yugoslavia and Russia and was captured as a Major by the Russians in February 1945. He was released from PW Camp in Russia on 5 July 1948 and returned to Hungary. He crossed the border illegally on 13 July 1948, arrived in Austria and joined the Network of "Montgomery" which was operated at that time by NEY, Dr. Karoly.

See entry 3

v.Silley, Arnold alias SINGER, Arnold (typist, translator and secretary at Gmunden Center). Born 9 November 1918 in Budapest. Education consists of 12 years of elementary and secondary school and three years at the Ludovika Military Academy in Budapest. Commissioned as Second Lieutenant in July 1940. Served in the Hungarian Army on Yugoslav and Russian fronts. In April 1945 he was sent to Germany as a courier and was captured by the Americans and confined to a PW camp in HEILBRONN. In 1946 was enroute to Hungary on a repatriation train but fled from the Transport at FREILASSING, Germany and entered the British zone of Germany where he was subsequently employed by the British as a driver and later as typist and interpreter at Airfield B-151 at ACHUM. In August 1947 he arrived in Austria and was employed by the British in Klagenfurth. In October 1947 he joined a group of Hungarians working for CIC Salzburg. He was later employed by ZCA Headquarters in Salzburg and finally joined the Network "Montgomery" in June 1948.

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OPERATIONS CHIEF

KERNMAYER, Erich (10/8444) "~~Key Operative~~". Born 27 February 1906 in Graz, Austria. Education consists of 13 years of elementary and secondary schools and two years at the University of Graz. As a student he was a member of a left wing Socialist Youth Organization which strongly opposed Communism. Worked as newspaper reporter, columnist and editor until 1935. He also wrote 10 books, novels and short stories during this period. In 1935 he came in contact with National Socialist Groups while working on the staff of the ESSENER NATIONAL-ZEITUNG, joined the illegal SA in Austria and worked for the Nazi press in Austria. During this period he wrote such pamphlets as "Spanien in Flammen"; "Roten Menschenhandel Fur Spanien"; "Aufbruch in Sowjetrussland", "Genosse du Hast das Wort". In 1928 he was appointed Editor-in-Chief of several newspapers formerly Jewish owned. Shortly afterward he became the Editor-in-Chief of the Lower Austrian Press. In 1939 he was appointed by Gauleiter BUERKEL as the "Kommissarischer Leiter" of the Press Department in the Viennese Parliament. In 1940 Gauleiter Buerkel transferred KERNMAYER to the leadership of the Press Department of the Civil Administration Chiefs in Othoringia and head of the Press Department of the Reichstatthalter of WESTMARK. In January 1941 he joined the LEIBSTANDARTE SS ADOLF HITLER, first as a war correspondent and later as a soldier. During his military service he directed propaganda against TITO in Croatia and was ^{an} assistant to SKORZENY in Budapest. Was captured as a Second Lieutenant by the Americans and confined to Camp Marcus ~~Orr~~. In the Summer of 1947 he was employed by CIC Salzburg as an informant. He worked for CIC Salzburg until the Summer of 1948 at which time he joined HOETTL, and Network "Montgomery". *copy file*

Evaluation: "B" (usually reliable); "3" (possibly true) KERNMAYER has been working as ~~Key Operative~~ ^{Operations Chief} of this Network since November 1948 and during that time, with the unfaltering approval of the present ~~operator~~ ^{operator}, resurrected a deteriorating network left in a state of chaos by the former ~~Key Operative~~ ^{operator} NEY, Dr. Karoly. His efforts in rebuilding the network ~~are worthy of commendation~~ ^{have} been more than considerable.

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SOURCES - EVALUATION

Should be (S) 6

BIATNYAK, Nandor (10/6324) located in Salzburg. Approximately 40 years old, short and stocky, light brown hair, no distinguishing features or marks. A former administrative assistant of a Rubber factory in Budapest. He was a member of an anti-Nazi underground movement during World War II. Gathers information of a general nature from eight subsources and acts as post dispatcher for the group. Information is passed on to a member of the Gmunden Center weekly at a prearranged meeting place in Salzburg.

Evaluation: "C" (fairly reliable); "3" (possible true)
This source, although new in the network, continually turns in the majority of good reports received from this network.

DARANYI, Lazslo (10/7134) resides in Hotel Europa, Salzburg. Approximately 30 years old, stocky, brown hair, has a typical Hungarian face with rather prominent cheek bones. Was a construction contractor in Hungary. Formerly a Sergeant in the Hungarian Border Guards. Gathers general information from three subsources and acts as post dispatcher for the group.

Evaluation: "C" (fairly reliable); "3" (possibly true)
Source turns in good reports on industrial and military activities.

HAMPEL, Oskar (10/7844) presently living in Hotel Schloessel, Salzburg, Austria. Description: short, wears glasses, (slit-eyed) and has brown hair. Was one time a construction engineer and a former Federal Secretary of the Hungarian Government during World War II. Immediately after the war he left Hungary and arrived in Austria where he was arrested and sent to Glasenbach by the Americans for a period of one and one-half years. Gathers information from six subsources and acts as dispatch-post manager for the group. Forwards information in person once a week to the Gmunden Center

Evaluation: "C" (fairly reliable); "3" (possible true)
This source is continually improving the calibre of information turned in by his subsources.

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THRUJ, Gregor (10/7854) resides in the Marien-Bad, Salzburg. Is 52 years old, 185 cm to 190 cm tall, heavy build, jutting jaw, hair is grey and thin. A former ordnance draftsman for the HADITEKNIKAI INTEZET (Military Technical Institute) of Hungary. At onetime a Major in the Hungarian Army. Gathers information from three sub-sources and acts as ~~post~~ dispatch for the group.

Evaluation: "C"(fairly reliable); "3" (possibly true)
This source, although new in the network turns in good information which has been corroborated partially and in full by reports received from other networks.

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SUBSOURCES

(10/5544) A forester in BORZSONY hills north of Budapest. Will give reports on a recently discovered mine (precious metal) located in that area.

(10/5554) An official of IBUSZ (Transportation Company with main offices in Budapest) residing in Budapest. He is the brother-in-law of 10/5574 and reports through him on transportation activities in Budapest.

(10/5564) A former telephone technician residing in Salzburg who travels to Hungary. Was formerly an intelligence NCO in the Hungarian Army. Operates in the area of DIOSGYOR and reports industrial information from the area. Travels with the cover story of being a black-marketeer.

(10/5574) A former ships officer of the Danube Shipping Company. Approximately 30 years old, residing in Budapest. Reports on Danube river traffic, stock piling and ports along the Danube River in Hungary as assigned from source in Salzburg.

(10/5584) A former university student of Law. Was an intelligence NCO in the Hungarian Army. Resides in Salzburg and travels in Western Hungary. Reports military activities and political situation in Western Hungary

(10/6334) A former owner of a small estate in the area of SZEKESFEHERVAR and onetime MDP member in that same area. Was "Falugazda" (Village Agricultural Chief) of an area near SZEKESFEHERVAR until September 1948. Resides near SZEKESFEHERVAR and reports primarily on MDP activities. ~~and the P. Guard in the area.~~

(10/6354) A former medical student. Former intelligence NCO in the Hungarian Army. Lives in Salzburg and travels to Budapest where he contacts prominent persons in the Hungarian War Ministry and the Hungarian Army in Budapest. Also reports on the Russian Army as known by the Hungarian War Ministry.

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(10/6364) A former member of the Hungarian Parliament with the BARANKOVICH Party. Reports on political personalities throughout Hungary.

(10/7114) A former First Sergeant in the Hungarian Gendarmerie. Resides in Salzburg and travels in Hungary. Reports on Hungarian Military activities and the Hungarian Border Guards and border situation. Receives information from a former Hungarian Army Sergeant residing in BALATONSZENTGYORGY, a farmer living in NAGYKANIZSA and a county official residing in KAPOSVAR.

(10/7124) A clerk secretary in a large Budapest factory. Resides in Budapest. Reports on the MDP, factory trade unions, Hungarian railroads and general information as assigned from Salzburg. Receives information from friends whom she meets in Budapest.

(10/7144) An automotive engineer in the MAVAG Automotive Works of GYOR. Reports industrial information and political situation of GYOR area.

(10/7154) A former forester from VESZPREM residing in Salzburg who travels to Hungary. Reports on Soviet military activities and MDP activities. The information is gathered by his brother-in-law (a hardware merchant) in VESZPREM, another brother-in-law (chief Notary of Sopron County) in Sopron and a brother (clerk in the city hall of SZOMBATHELY).

(10/7864) A foreman in the Weiss-Manfred Works located in Budapest. Reports industrial information and general situation in Budapest.

(10/7874) A Criminal Police Lieutenant residing in police barracks in Budapest. Reports Criminal Police activities and general information from Budapest.

(10/7884) A retired railway official residing in SOPRON. Reports on RR activities throughout Hungary. Contacts former co-workers for information.

(10/8434) A clerk secretary employed in the MDP Headquarters in Budapest. Reports MDP activities of the Federal administration.

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(10/8454) An office worker employed in computing section of the SZTATISZTIKAI HIVATAL (office for statistics).

Reports on the vital statistics of Hungary. Has a brother-in-law who is Deputy Political Police *Station in Budapest* activities and *reports* background information on chief personnel of MDP.

(10/8464) An elementary school superintendent living in SOPRON. Reports border situation and Hungarian Army activities.

(10/8474) A Hungarian Army First Lieutenant. Stationed in Budapest. Reports military activities in Budapest and gives periodical information *on* the KOSSUTH and PETOFFI Military Academies.

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METHODS OF COMMUNICATION

All communications are by courier, carried over the following routes using the methods of travel as indicated:

10/7844 - Travels to Steyr via rail, crosses the border illegally and continues to Vienna by train where he meets 10/7124. Meetings are arranged ~~at~~ for ten day and two week intervals at predetermined addresses which are changed at each meeting. All other subources are met in Salzburg, ~~they use~~ the following routes and methods.

10/5574 (also courier for 10/5554) travels via rail to HEGYESHALOM from Budapest, crosses the border illegally on foot continuing through the British zone Austria by rail. All international and interzonal borders are crossed on foot illegally.

10/6334 crosses the border at KORMEND (method as above).

10/7154 travels by rail through British Zone of Austria to the Austro-Hungarian border where he receives information from his brother-in-law and returns to Salzburg by the same route. Border and zonal crossings accomplished as mentioned above.

10/7114 crosses the border at SPORONLOVO by the same method as used by 10/5574.


10/6324 - Travels from Salzburg through the British Zone into Hungary via rail where he personally contacts 10/8474, 10/8434, 10/7884 and 10/8464. Crossing of demarcation lines is on foot and illegally.

(Wife) of 10/6324 travels to Vienna by train where she contacts 10/7874, 10/8454 and 10/6344 at prearranged meeting places and returns to Salzburg.

10/7134 - Travels through Austria across the British zone, crosses the Austro-Hungarian border near SZOMBATHELY and contacts subources at their homes in Hungary. Travel is by rail and demarcation lines are crossed illegally on foot.

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10/7854 - Possesses a green Allied Travel Permit with which he arrives at the Austro-Hungarian border through the British Zone and is met by 10/5564, 10/5584 and 10/6354 who cross the border illegally near STOMBATHELY. Meetings are separate at prearranged places. 

NOTE: None of the couriers or main sources are known to any of the other couriers or sources. Only two couriers have direct contact with the Gmunden Center.

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Control Methods
~~CONTROL~~

All sources, who are unknown to each other, upon receipt of information from subsources give all reports a check for completeness and correctness, and if there are any glaring or obvious errors the reports are immediately returned to subsources, otherwise they are forwarded to the Gmunden Center by courier.

Upon receipt of information from sources through couriers and some reports direct from sources, the information is again checked for its accuracy and completeness.

For cross-checking purposes the Gmunden Center receives information from several sources who are unknown to each other, on the same topic, by which the Center is able to check on the accuracy of reports or on the reliability of a particular source or subsurface. In instances where there is any great doubt about an important report, *or where* the reliability of a source or subsurface is doubted, several sources and subsources are asked to check the points questioned.

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SUMMARY OF INFORMATION

The type of information supplied by each source and subsource is indicated after the code number of each individual. The percentage of reports by type is as follows. (This is based on reports received during the past four months):

Political (General)	10%
Economic and Industrial	10%
Military	60%
Political (Communist)	20%
Total 100%	

Summary of information received from Net:

Soviet Military activities in Hungary.

Hungarian Military activities.

Communist political activities in Hungary.

Communist para-military activities in Hungary.

Economic and industrial information from Hungary.

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PROCESSING

Upon receipt of information by sources from sub-sources it is carefully checked. Once the source feels that the information is as complete and correct as possible he forwards it by courier to the center in Gmunden. When it arrives in Gmunden it is first processed by KERNMAYER who is a fairly capable evaluator, having lived in Hungary for some time during World War II, and it is also checked by SIKE who ~~has a~~ *sharp* mind seems to be an encyclopedia of information. The information is then passed on to SILLEY who checks the new reports with reports previously received and makes references on the new reports to these ~~ones~~ *ones*. Once the information has gone through these three persons it is translated by SILLEY into English.

When the information has been completely processed by the Center it is taken to CIC Gmunden by the ~~Key~~ *Operations* ~~operative~~ who makes at least two weekly trips to CIC. The ~~Key~~ *Operations* ~~operative~~ and Control Agent takes each report separately and go over it point by point for discrepancies and detail. If there are any points that cannot be cleared up on the spot the report is returned by the ~~Key~~ *Operations* ~~operative~~ to source for clarification. This is only done, however, if the time factor is of no great importance on the information being reported. The accepted reports are then prepared by CIC Gmunden for forwarding as SOIs. The same procedure is used when Evaluation Slips are received from ODI and there are questions to be answered.

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COSTS

The total amount given to network "Montgomery" per month is presently set at 24,000 schillings and 16,000 forints per month. This is broken down into the following categories:

Gmunden Center Workers:

	<u>Schillings</u>	<u>Forints</u>
10/8444	2,000	
SIKE and SILLEY	2,800	

Sources:

10/7844	5,000	4,000
10/6324	1,000	4,000
10/7134	1,000	4,000
10/7854	5,000	4,000

3 couriers (total) 4,000

Office expenses:

Rent	600
Light, heat and telephone	1,200
Miscellaneous	600

Payment to Hungarian
Border aides

800

Total	24,000 Sch.	16,000 Forints
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DOCUMENTATION

Identity
10/8444 - Austrian ~~I. D.~~ Card

10/7844 - Austrian DP Ausweiss and Green Allied Travel Permit

Identity
10/7154 - Austrian ~~I. D.~~ Card (to be picked up) *replaced by DP Ausweiss*

Identity
10/7114 - Austrian ~~I. D.~~ Card (to be picked up)

SIKE, Alajos possesses Austrian DP Ausweiss.

Identity
SILLEY possesses Austrian ~~I. D.~~ Card under name SINGER, Arnold.

All other members of this network operating in Austria possess Austrian DP Ausweisses and those living in

Hungary possess necessary Hungarian papers.

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FUTURE OF PERSONNEL

The future of personnel connected with Network

"Montgomery" appears to be stable since the majority of its members are bona-fide residents of Hungary.

Hungarian Personnel living in Austria have asserted that they will leave Austria only, if and when Hungary is no longer a Communistic State. There are no present projected changes in personnel as the Network has undergone a renovation in the past three months.

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EXPANSION POSSIBILITIES

Continued and partially confined ^N~~reports~~ that the Hungarian border will be closed against illegal border traffic indicate that expansion would be impractical since "Montgomery" couriers ~~cross~~ the borders illegally. Possible installations of radios within Hungary would reduce the present risk taken by couriers and would accomodate any future expansion of the project.

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COVER INSTALLATIONS

The Gmunden Center for project "Montgomery" is located in the Villa Maria-Louise, Altmuenster 173, Gmunden, Upper Austria. The villa is registered in the name of KERNMAYER who is in turn registered as a newspaper correspondent.

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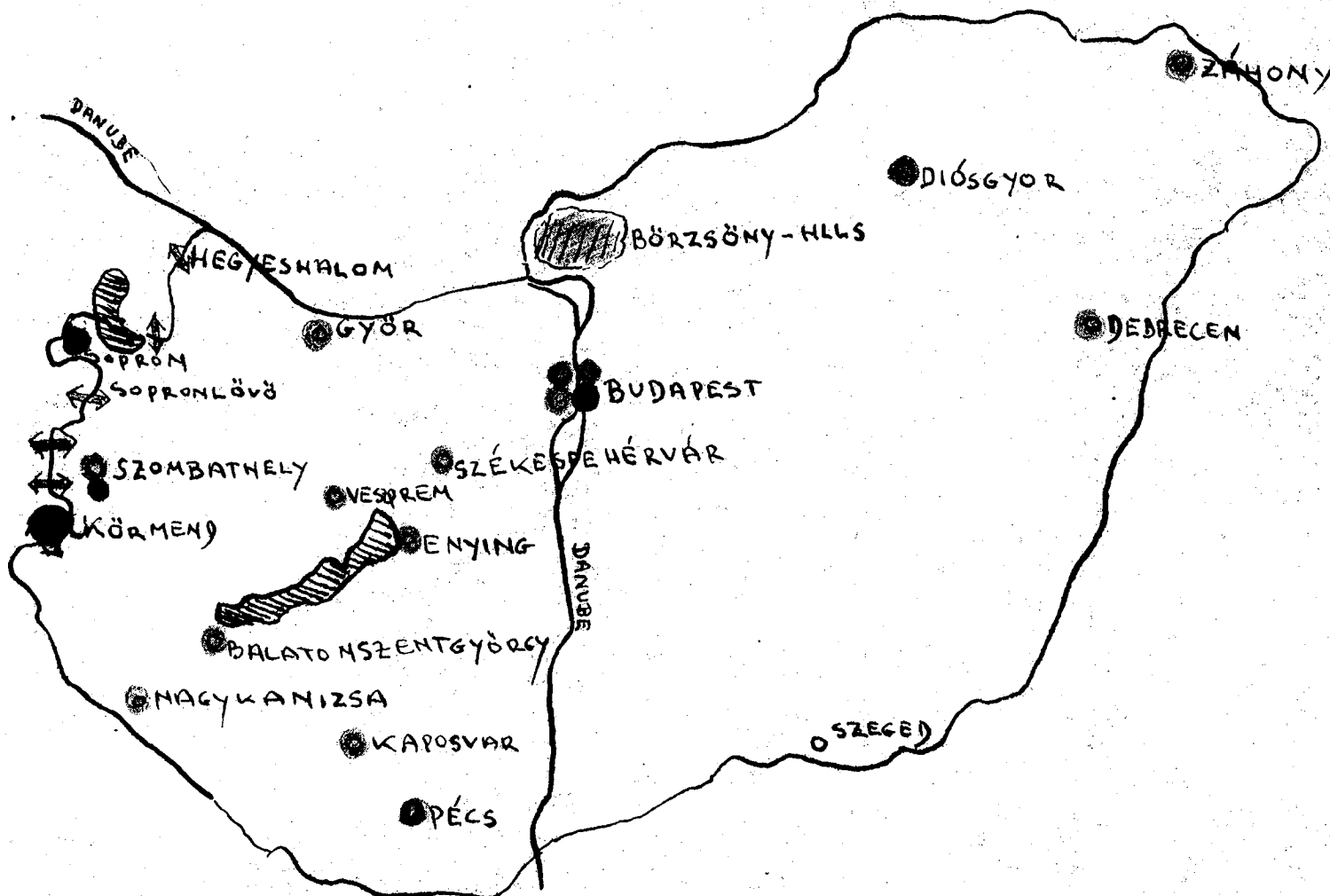
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MISTAKES AND COMPROMISES

Identity
Issuance of Austrian ~~IDs~~ Cards to non-Austrians *and who are not*
good German *(Austrian dialect) speakers*
~~speaking~~ members of network who are
Injudicious selection of subsources.
(Key, Karoly)
Placing a "soldier" ¹ as a main operator in the net
rather than an intelligence man.

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BORDER CROSSING POINTS



LOCATIONS OF SUBSOURCES FOR 10/7134



LOCATIONS OF SUBSOURCES FOR 10/7854



LOCATIONS OF SUBSOURCES FOR 10/7844



LOCATIONS OF SUBSOURCES FOR 10/6324



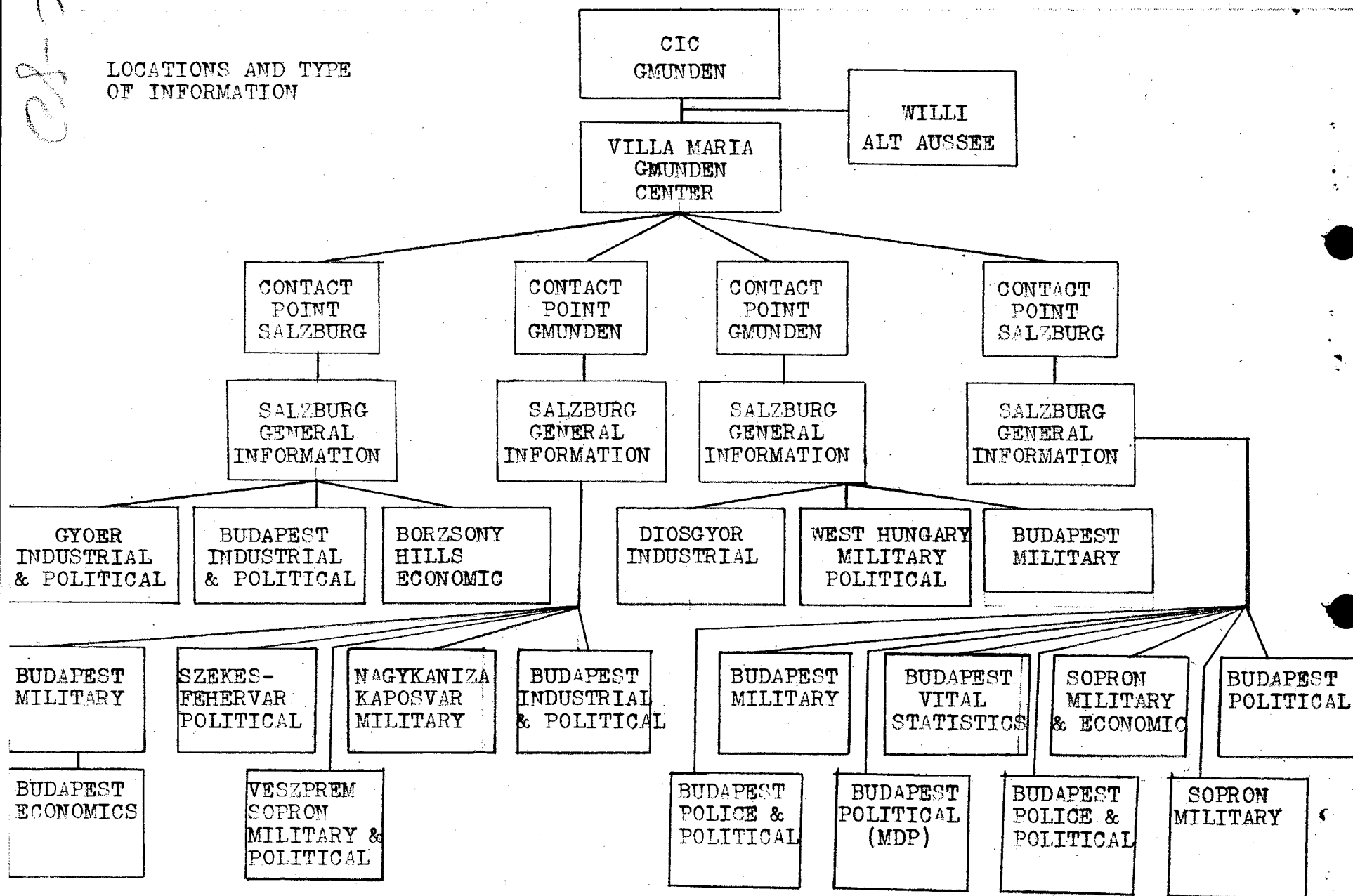
PROPOSED SUBSOURCE FOR 10/7854

MONTGOMERY

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LOCATIONS AND TYPE
OF INFORMATION



1. In compliance with letter your office dated 25 February 1949
Subject: as above, the following additional information re Network "MONT-
GOLERY" is submitted.

2. a. Date of activation and General Description of net:

Network "MONTGOLERY" was activated on 10 July 1948 by the
CIC Gmunden Field Office.

The network is composed of Austrian nationals, emigrated
Hungarians and bona fide resident Hungarians. The network is supervised
by the CI Gmunden Field office.

b. Mission of the net as prescribed by CIC:

Penetration and Espionage conducted against Hungary and
Soviet forces in Hungary to procure any and all information of value to
the United States Armed Forces.

c. Summary of information received from net:

Soviet Military activities in Hungary.
Hungarian Military activities.
Communist para-military activities in Hungary.
Communist political activities in Hungary.
Economic and industrial information from Hungary.

d. Major mistakes and compromises made by network:

- (1) Issuance of Austrian I. D. Cards to non-Austrian speak-
ing members of network.
(2) Injudicious selection of subsources.
(3) Placing a "soldier" as a main operator in the net rather
than an intelligence man.

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15 Feb 49

1. In compliance with written instructions from the Chief, CIC Upper Austria Sub Detachment set forth in letter dated 7 February 1949 Subject as above, the following information is submitted:

2. Detailed information on project "Montgomery" is as follows:

a. Detailed information on source and subsources:

HOETTL, Dr. Wilhelm alias GOLDBERG, also known as "WILLI" (10/6333) "Operator" of project "Montgomery". (See Network Report "Mount Vernon" for detailed information on HOETTL's background).

KERNMAYR, Erich (10/8444) "Key Operative". Born 27 February 1906 in Graz, Austria. Education consists of 13 years of elementary and secondary schools and two years at the University of Graz. As a student he was a member of a left wing Socialist Youth Organization which strongly opposed Communism. Worked as newspaper reporter, columnist and editor until 1935. He also wrote 10 books, novels and short stories during this period. In 1935 he came in contact with National Socialist Groups while working on the staff of the ESSENER NATIONAL-ZEITUNG, joined the illegal SA in Austria and worked for the Nazi press in Austria. During this period he wrote such pamphlets as "Spanien in Flammen"; "Roten Menschenhandel Fur Spanien"; "Aufruhr in Sowjetrussland"; "Genosse du Hast das Wort". In 1928 he was appointed Editor in Chief of several newspapers formerly Jewish owned. Shortly afterward he became the Editor in Chief of the Lower Austrian Press. In 1939 he was appointed by Gauleiter BUEKKEL as the "Kommissarischer Leiter" of the Press Department in the Viennese Parliament. In 1940 Gauleiter BUEKKEL transferred KERNMAYER to the leadership of the Press Department of the Civil Administration Chiefs in Lotharingia and head of the Press Department of the Reichstathalter of WESTMARK. In January 1941 he joined the LEIBSTANDARTE SS ADOLF HITLER, first as a war correspondent and later as a soldier. During his military service he directed propaganda against TITO in Croatia and was assistant to SKORZENY in Budapest. Was captured as a Second Lieutenant by the Americans and confined

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to Camp Marcus Orr. In the Summer of 1947 he was employed by CIC Salzburg as an informant. He worked for CIC Salzburg until the Summer of 1948 at which time he joined HOETTL, and Network "Montgomery".

SIKE, Alajos, alias SCHOPF, Alajos (assistant to KERNMAYER in the Gmunden Center). Born 3 April 1906 in Lugos, Rumania (at that time part of Hungary). Is a former Hungarian Army Major. Education consists of 12 years of elementary and secondary schools and four years at the Ludovika Military Academy in Budapest. Received first commission as Army officer in 1928, promoted to Captain and Battalion Commander of a transportation battalion in 1939. Was in active combat against Yugoslavia and Russian and was captured as a Major by the Russians in February 1945. He was released from PW Camp in Russia on 5 July 1948 and returned to Hungary. He crossed the border illegally on 13 July 1948, arrived in Austria and joined the network of "Montgomery" which was operated at that time by NEY, Dr. Karoly.

v. SILLBY, Arnold alias SINGER, Arnold (typist, translator and secretary at Gmunden Center). Born 9 November 1918 in Budapest. Education consists of 12 years of elementary and secondary school and three years at the Ludovika Military Academy in Budapest. Commissioned as Second Lieutenant in July 1940. Served in the Hungarian Army on Yugoslav and Russians fronts. In April 1945 he was sent to Germany as a courier and was captured by the Americans and confined to a PW camp in HEILBRONN. In 1946 was enroute to Hungary on a repatriation train but fled from the transport at FREILASSING, Germany and entered the British zone of Germany where he was subsequently employed by the British as a driver and later as typist and interpreter at Airfield B-151 at ACHUM. In August 1947 he arrived in Austria and was employed by the British in Klagenfurth. In October 1947 he joined a group of Hungarians working for CIC Salzburg. He was later employed by ZCA Headquarters in Salzburg and finally joined the Network "Montgomery" in June 1948.

SOURCES AND SUBSOURCES:

HAMPEL, Oskar (10/7844) (Source). Presently living in Hotel Schboessel, Salzburg, Austria. Description: Short, wears glasses, (slit eyed) and has brown hair. Was at one time a construction engineer and a former Federal Secretary of the Hungarian Government during World War II. Immediately after the war he left Hungary and arrived in Austria where he was arrested and set to Glasenbach by the American for a period of one and half years. Gathers information from the following six subsources and acts as dispatch post manager for the group. Forwards information in person once a week to the Gmunden Center.

(10/7844a) (subsource). A former ships officer of the Danube shipping company. Approximately 30 years old, residing in Budapest. Reports on Danube river traffic, stock piling and

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ports along the Danube River in Hungary as assigned from source in Salzburg.

(10/7844b) (subsource). An official of IBUSZ (Transportation Company with main offices in Budapest) residing in Budapest. He is the brother-in-law of 10/7844a and reports through him on transportation activities in Budapest.

(10/7844c) (subsource). A former owner of a small estate in the area of SZEKESFEHERVAR and onetime MDP member in that same area. Was "Falugazda" (Village Agricultural Chief) of an area near SZEKESFEHERVAR until September 1948. Resides near SZEKESFEHERVAR and reports primarily on MDP activities and the R. Guard in the area.

(10/7844d) (subsource). A former forester from VESZPREM residing in Salzburg who travels to Hungary. Reports on Soviet military activities and MDP activities. The information is gathered by his brother-in-law (a hardware merchant) in VESZPREM, another brother-in-law (chief Notary of Sopron County) in Sopron and a brother (clerk in the city hall of SZOMBATHELY) .

(10/7844e) (subsource). A former first Sergeant in the Hungarian Gendarmarie. Resides in Salzburg and travels in Hungary. Reports on Hungarian Military activities and the Hungarian Border Guards and border situation. Receives information from a former Hungarian Army Sergeant residing in BALATONSZENTGYORGY, a farmer living in NAGYKANIZSA and a county official residing in KAPOSVAR.

(10/7844f) (subsource). A clerk secretary in a large Budapest factory. Resides in Budapest. Reports on the MDP, factory trade unions, Hungarian railroads and general information as assigned from Salzburg. Receives information from friends whom she meets in Budapest.

BIATNYAK, Nandor (source) (10/6324). Located in Salzburg. Approximately 40 years old, short and stocky, light brown hair, no distinguishing features or marks. A former administrative assistant of a Rubber factory in Budapest. He was a member of an anti-Nazi underground movement during World War II. Gathers information of a general nature from the following eight sub-sources and acts as post dispatcher from the group. Information is passed on to a member of the Gmunden Center weekly at a pre-arranged meeting place in Salzburg.

(10/6324a) (subsource). A Criminal Police Lieutenant residing in police barracks in Budapest. Reports Criminal Police activities and general information from Budapest.

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(10/6324b) (subsource). A Hungarian Army First Lieutenant. Stationed in Budapest. Reports military activities in Budapest and gives periodical information of the KOSSUTH and PETOFFI military Academies.

(10/6324c) (subsource) A clerk secretary employed in the MDP Headquarters in Budapest. Reports MDP activities of the Federal administration.

(10/6324d) (subsource). An office worker employed in computing section of the SZTATISZTIKAI HIVATAL (office for statistics). Reports on the vital statistics of Hungary. Has a brother-in-law who is Deputy Political Police Chief (10/6324e) in Budapest. Reports Political Police activities and background information on chief personnel of MDP.

(10/6324f) (subsource) A retired railway official residing in SOPRON. Reports on RR activities throughout Hungary. Contacts former co-workers for information.

(10/6324g) (subsource) An elementary school Superintendent living in Sopron. Reports border situation and Hungarian Army activities.

(10/6324h) (subsource) A former member of the Hungarian Parliament with the BARANKOVICH Party. Reports on political personalities through Hungary.

DARANYI, Lazslo (Source) (10/7134). Resides in Hotel Europa, Salzburg. Approximately 30 years old, stocky, brown hair, has a typical Hungarian face with rather prominent cheek bones. Was a construction contractor in Hungary. Formerly a Sergeant in the Hungarian Border Guards. Gathers general information from the following three sub-sources and acts as post dispatcher for the group.

(10/7134a) (subsource) An automotive engineer in the MAVAG Automotive Works of GYOR. Reports industrial information and political situation of GYOR area.

(10/7134b) (subsource) A foreman in the Weiss Manfred Works located in Budapest. Reports industrial information, and general situation in Budapest.

(10/7134c) (subsource) A forester in BORZSONY hills north of Budapest. Will give reports on a recently discovered mine (precious metal) located in that area.

THURY, Gregor (10/7854) (Source). Resides in the Marien-Bad, Salzburg. Is 52 years old, 185 to 190 cm tall, heavy build, jutting jaw, hair is grey and thin. A former ordnance draftsman for the HADITECHNIKAI INTÉZET (Military Technical Institute) of Hungary.

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At onetime a Major in the Hungarian Army. Gathers information from the following three subsources and acts as post dispatcher for the group.

(10/7854a) (subsource). A former telephone technician residing in Salzburg who travels to Hungary. Was formerly an intelligence NCO in the Hungarian Army. Operates in the area of DIOSGYOR and reports industrial information from the area. Travels with the cover story of being a black marketeer.

(10/7854b) (Subsource) A former university student of Law. Was an intelligence NCO with the Hungarian Army. Resides in Salzburg and travels in Western Hungary. Reports military activities and Political situation in western Hungary.

(10/7854c) (subsource) A former medical student. Former intelligence NCO in the Hungarian Army. Lives in Salzburg and travels to Budapest where he contacts prominent persons in the Hungarian War Ministry and the Hungarian Army in Budapest. Also reports on the Russian Army as known by the Hungarian War Ministry.

b. Detailed information on routes and methods of travel of couriers.

See paragraph c below and the attached map showing crossing points.

c. Methods of communication.

All communications are by courier, carried over the following routes using the methods of travel as indicated:

10/7844 travels to Steyr via rail, crosses the border illegally and continues to Vienna by train where he meets 10/7844f. Meetings are arranged for ten day to two week intervals at predetermined addresses which are changed at each meeting. All other subsources are met in Salzburg, they use the following routes and methods.

10/7844a (also courier for 10/7844b) travels via rail to HEGYESALOM from Budapest crosses the border illegally on foot continuing through the British zone Austria by rail. All international and interzonal borders are crossed on foot illegally.

10/7844c crosses the border at KORMEND (method as above).

10/7844d travels by rail through British Zone of Austria to the Austro-Hungarian border where he receives information from his brother-in-law and returns to Salzburg by the same route. Border and zonal crossings accomplished as mentioned above.

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10/7844e crosses the border at SPORONLOVO by the same method as used by 10/7844a.

10/6324 travels from Salzburg through the British Zone into Hungary via rail where he personally contacts 10/6324b, 10/6324c, 10/6324f and 10/6324g. Crossing of demarcation lines is on foot and illegally.

Wife of 10/6324 travels to Vienna by train where she contacts 10/6324a, 10/6324d and 10/6324e at prearranged meeting places and return to Salzburg.

10/7134 travels through Austria across the British zone, crosses the Austro-Hungarian border near SZOMBATHELY and contacts subsources at their homes in Hungary. Travel is by rail and demarcation lines are crossed illegally on foot.

10/7854 possesses a green Allied travel permit with which he arrives at the Austro-Hungarian border through the British Zone and is met by 10/7854a, 10/7854b and 10/7854c who cross the border illegally near SZOMBATHELY. Meetings are separate at prearranged places.

NOTE: None of the couriers or main sources are known to any of the other couriers or sources. Only two couriers have direct contact with the Gmunden Center.

d. Methods and degree of control.

All sources, who are unknown to each other, upon receipt of information from subsources give all reports a check for completeness and correctness, and if there are any glaring or obvious errors the reports are immediately returned to subsources, otherwise they are forwarded to the Gmunden Center by courier.

Upon receipt of information from sources through couriers and some reports direct from sources, the information is again checked for its accuracy and completeness.

For cross-checking purposes the Gmunden Center receives information from several sources who are unknown to each other, on the same topic, by which the Center is able to check on the accuracy of reports or on the reliability of a particular source or subsource. In instances where there is any great doubt about an important report or the reliability of a source or subsource is doubted, several sources and subsources are asked to check the points questioned.

e. Methods of complete information processing.

Upon receipt of information by sources from subsources it is carefully checked as indicated above. Once the source feels that the information is as complete and correct as possible he

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forwards it by courier to the center in Gmunden. When it arrives in Gmunden it is first processed by KERNMAYER who is a fairly capable evaluator, having lived in Hungary for some time during World War II, and it is also checked by SIKE whose brain seems to be an encyclopedia of information. The information is then passed on to SILLEY who checks the new reports with reports previously received and makes references on the new reports to these old ones. Once the information has gone through these three persons it is translated by SILLEY into English.

When the information has been completely processed by the Center it is taken to CIC Gmunden by the Key Operative who make at least two weekly trips to CIC. The Key Operative and Control Agent take each report separately and go over it point by point for discrepancies and detail. If there are any points that cannot be cleared up on the spot the report is returned by the Key Operator to source for clarification. This is only done, however, if the time factor is of no great importance on the information being reported. The accepted reports are then prepared by CIC Gmunden for forwarding as SOIs. The same procedure is used when Evaluation Slips are received from ODI and there are questions to answered.

f. Type of reports.

The type of information supplied by each source and subsource is indicated after the code number of each individual in paragraph (a) above. The percentage of reports by type is as follows. (This is based on reports received during the past four months.):

Political General	10%
Economic and Industrial	10%
Military	60%
Political Communist	20%
total	100%

g. Costs.

The total amount given to network "Montgomery" per month is presently set at 24,000 schillings and 16,000 forints per month. This is broken down into the following categories:

Gmunden Center Workers:

10/8444	2,000
SIKE and SILLEY	2,800

Sources:

10/7844	5,000	4,000
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10/6324	1,000	4,000
10/7134	1,000	4,000
10/7854	5,000	4,000
3 Couriers (total)	4,000	
Office Expenses:		
Rent	600	
Light, heat and telephone	1,200	
Miscellaneous	600	
Payment to Hungarian Border aides	800	
total	24,000 Sch.	16,000 Forints

h. Personal Evaluation of sources.

10/6333 (B-3) see Network report "Mount Vernon".

10/8444 (B-3) KERNMAYR has been working as Key Operative of this network since November 1948 and during that time, with the unfaltering approval of the present operator, resurrected a deteriorating network left in a state of chaos by the former Key Operative NEY, Dr. Karoly. His efforts in rebuilding the network are worthy of commendation.

10/7844 (C-3) This source is continually improving the calibre of information turned by his subsources.

10/7854 (C-3) This source, although new in the network turns in good information which has been corroborated partially and in full by reports received from other networks.

10/7134 (C-3) Source turns in good reports on industrial and military activities.

10/6324 (C-3) This source, also new in the network, continually turns in the majority of good reports received from this network.

i. Future of Personnel.

The future of personnel connected with Network "Montgomery" appears to be stable since the majority of its members are bona fide residents of Hungary. Personnel living in Austria have asserted that they will leave Austrian only, if and when Hungary is no longer a Communistic State. There are no present projected changes in

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personnel as the Network has undergone a renovation in the past three months.

j. Documentation.

10/8444 - Austrian I. D. Card
10/7844 - Austrian DP Ausweiss and Green Allied Travel Permit
10/7844D - Austrian I. D. Card (to be picked up)
10/7844E - Austrian I. D. Card (to be picked up)

SIKE, Alajos possesses Austrian DP Ausweiss.
SILLY possesses Austrian I. D. Card under name SINGER, Arnold.
All other members of this network operating in Austria possess Austrian DP Ausweisses and those living in Hungary possess necessary Hungarian papers.

k. Present location and cover of all installations used by network.

The Gmunden Center for project "Montgomery" is located in the Villa Marie-Louise, Altmuenster 193, Gmunden, Upper Austria. The villa is registered in the name of KERNMAYR who is in turned registered as a newspaper correspondent.

l. Recommended location and cover.

Not applicable.

m. Possibilities for expansion.

Continued and partially confirmed reports^{INDICATE} that the Hungarian border will be closed against illegal border traffic indicate that expansion would be impractical since "Montgomery" couriers cross the borders illegally. Possible installations of radios within Hungary would reduce the present risk taken by couriers and would accomodate any future expansion of the project.

n. Sketch of target country.

See attached map and chart.

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LOCATIONS AND TYPE OF
INFORMATION
MONTGOMERY

SECRET

